



Project #: 527-A-00-03-00073-00  
Reporting Period: July – September 2004<sup>1</sup>  
SO13

## I. Summary of Activity Status and Progress

### a. *Introductory paragraph*

With the continued generous support of USAID/Peru, WWF-Peru is building on lessons learned from the field. With its available technical and financial resources, it aims to consolidate its current forest projects into a single coherent forest program which will aim to more effectively contribute to USAID's Strategic Objectives, especially those concerning alternative economic development opportunities in the Amazonian region.

In particular, consolidation will allow WWF-Peru to put in place a more coherent management structure which will direct with greater efficiency available human and financial resources in order to address critical issues such as:

- institutional strengthening needed to combat illicit activities such as coca growing and illegal logging;
- certified and sustainable management of forests in strategic areas and watersheds;
- creation of economic growth and creation of employment opportunities through financial and technical assistance support to forest enterprises and local communities;
- greater transparency in the chain of custody and improved market links;
- more effective use of economic resources under one unified administration and leadership.

The long term goal of WWF-Peru's **Certification and Development of the Forest Sector** – CEDEFOR is to promote modernization, formalization and efficiency of the Forest Sector by providing technical assistance and financial support to government, local communities and the private sector, thereby contributing directly to national economic growth, the conservation of forest resources, and to Government of Peru's Alternative Development Program.

The program will pursue the following specific objectives:

- To strengthen government, civil society and private sector institutions to promote sustainable forest management and combat illegal logging activities.
- To develop an integrated system of forest production based on sustainable forest management through creation and support of competitive and certified forest enterprises and local communities in the targeted regions.
- To provide support to individual enterprises, forest consortia and local communities, strengthening their business management capacities and improving their access to local, national and international markets so as to ensure their economic viability.

<sup>1</sup> Report Prepared by Diego Leslie ([diego@wwfperu.org.pe](mailto:diego@wwfperu.org.pe)) and Jacqueline Becker ([jacqueline@wwfperu.org.pe](mailto:jacqueline@wwfperu.org.pe))

**b. Highlights**

- During this reporting period, forest concessions successfully mobilized timber in advance of the wet season. The forest enterprise EFASAC mobilized 410.27 cubic meters of cut timber, World Green Peru (PWGP) mobilized 194.13 cubic meters, and Von Humboldt mobilized 714.04 cubic meters. The volume mobilized represents a **sales value** of approximately **US\$ 101,640**.
  - WWF-Peru, in collaboration with the Peruvian Society for Eco-Development (SPDE), continues to promote agroforestry systems in local communities who have signed agreements to eradicate coca. During the report period, **22 agroforestry plots** were installed on approximately 25 hectares in the communities of Centro Yurac, Shambillo, Alto Shambillo, Micaela Bastidas, Tangarana and Barrio Unido. During this period, a total of **380 temporary labor days** were generated in agroforestry activities.
- During the report period, a **loan of \$75,000** was disbursed to Von Humboldt Forest for the purchase of forest extraction equipment including a front loader and tractor. WWF-Peru monitored the progress of previous loan disbursements to EFASAC and World Green Peru. The \$75,000 loan request submitted by Fine Forest for equipment and working capital is currently being evaluated by the Caja Rural de San Martín (CRSM).

**c. Table of Activity Status**

Activity Number	Activity Title	Status	Page number for more information
1	Sustainable Forest Management in the Von Humboldt Forest Concessions: full forest inventories (100%), implementation of forest management plans, and forest roads	On-track	3
2	Buffer Zone Primary Forest Protection: the Von Humboldt Green Belt ("Franja Verde")	On-track	5
3	Community-based Secondary Forest Management, Agroforestry Systems and Local Forests	On-track	6
4	Von Humboldt-Aguaytía Small Loan Financial Service	On-track	7

**II. Detailed Description of Site Progress**

**a. Key short and long-term program objectives for the site.**

This project aims to achieve the following key objectives:

1. Prevent and mitigate coca cultivation within forest concessions located in Von Humboldt permanent production forest and their influence areas.
2. Create alternate income sources and employment opportunities not dependent on the illicit production of coca or illegal logging. Sustainable timber or agroforestry production must become viable economic alternatives and create enough incentive for coca producers and illegal loggers to voluntarily stop their current practices.

3. Contribute to the conservation of primary forest in the Von Humboldt permanent production forests and stabilize deforestation and soil degradation caused by migratory slash-and-burn agriculture in secondary forests in the area.
4. Support the improvement of forest control systems and reduce illegal logging in the province of Padre Abad.
5. Provide training and comprehensive instruction to key players in the pilot project area regarding all critical facets of forest product businesses and sustainable forest management, based on FSC principals and criteria.
6. Facilitate resource poor farmer and micro-enterprise access to short-term capital in the form of revolving funds in order to support their transition to modernized systems of forest use and to support long-term, sustainable business activities that do not rely on illicit coca production or illegal logging.

***b. Activity Description***

**i. Activity Title : Sustainable Forest Management in the Von Humboldt Forest Concessions: full forest inventories (100%), implementation of forest management plans, and forest roads**

**ii. Summary of major achievements and progress**

- During this reporting period, forest concessions successfully mobilized timber in advance of the wet season. The forest enterprise EFASAC mobilized 410.27 cubic meters of cut timber, World Green Peru (PWGP) mobilized 194.13 cubic meters, and Von Humboldt mobilized 714.04 cubic meters. The volume mobilized represents a sales value of approximately US\$ 101,640.
- Forest access roads are necessary infrastructure in order to harvest timber. While WWF-Peru does not directly build access roads, it does facilitate technical assistance in order that the concessionaire complies with sustainable forest management practices. Technical guidance was provided to the concession Von Humboldt Forest for the completion of its secondary access road network. During this report period, 8.5 kilometers were identified in the field for the construction of a new primary access road to the concession Wood Fine Forest. Geographic coordinates were taken in order to determine the best access route to the concession. In addition, Memoranda of Understanding were signed between the concession and communities to mitigate problems with local populations who reside nearby to the proposed site.
- WWF-Peru continues implementing capacity building activities for forest concessionaires as well as field personnel as needed. A training workshop directed at technical professionals and operators was carried out to introduce techniques in how to reduce negative logging impacts. A total of 28 beneficiaries representing the communities of Tangarana and Hidayacu, the concessions PWGP, Von Humboldt and EFASAC, and the indigenous community of Puerto Azul participated.
- WWF-Peru coordinated a meeting between EFASAC and the indigenous community of Puerto Azul to reinitiate boundary demarcation of limits between the two areas. Financial support was provided to facilitate the participation of the Puerto Azul president. This work was previously delayed on request of the native communities in order for them to redefine their limits. The Puerto Azul President requested that EFASAC send a local representative to participate in the boundary demarcation process. Boundary demarcation is a necessary pre-requisite to facilitate productive relationships between communities and forest concessions.
- WWF-Peru continued to support and monitor the business plan between EFASAC and GEA. Previously, critical technical support was provided to complement the business arrangement, assisting the concessionaire in the development of a business plan. WWF-Peru acts as the bridge between

EFASAC and GEA, providing information about mobilized volumes and dates of delivery. EFASAC is committed to delivering a monthly supply of 7,000 board feet of *Panguana* to GEA. In exchange, GEA provides a guarantee for the Caja Rural de San Martin to insure approximately one third of the loan amount disbursed to EFASAC.

**iii. Table of progress in meeting key activity benchmarks**

<b>Benchmark Number</b>	<b>Benchmark/Output</b>	<b>Status</b>
1.1	100% Forest Inventories 2003	Completed
1.1.1	Development and implementation of participatory planning process for forest inventories	Completed
1.1.2	Forest brigades implement preliminary field work for forest inventories	Completed
1.1.3	Data collected and processed, cartographic information developed and georeferencing complete	Completed
1.1.4	Annual Operating Plans submitted to INRENA and approved	On-track
1.2	<b>Development and Implementation of Forest Management Plans</b>	
1.2.1	Forest Management Plans designed in a participatory manner	Completed
1.2.2	Forest harvest carried out according to low impact practices	On-track
1.2.3	Environmental impact mitigation plan developed	On-track
1.2.4	Establishment and implementation of three control posts in Von Humboldt permanent production forests, in close collaboration with INRENA	On-track
1.2.5	Forest Management Plans submitted to INRENA and approved	On-track
1.3	<b>Forest Road Network</b>	
1.3.1	Design of forest road network and improvement of key access ways and skid trails	On-track
1.3.2	Development and implementation of monitoring and evaluation system to measure the effectiveness of mitigation measures for forest roads, based on environmental impact mitigation plan	On-track

**iv. Key management issues**

The continued lack of clarity in guidelines produced by INRENA continues to frustrate forest concessionaires looking to convert their forestry activities into economically viable small enterprises. Particularly with regards to the payment for extraction rights, each concessionaire has negotiated proposals with INRENA with the assistance of WWF-Peru. In many cases, agreements have been reached to pay a percentage of the extraction rights by the beginning of October. Thereafter, the concessionaire will pay an amount proportional to the amount of timber mobilized.

In anticipation of the consolidation of the USAID-financed forestry program, WWF-Peru has made adjustments in program operations. Field staff have adapted quickly to evolving responsibilities and new challenges as they welcome the additional technical resources provided by the CEDEFOR project.

**i. Activity Title : Buffer Zone Primary Forest Protection: the Von Humboldt Green Belt ("Franja Verde")**

**ii. Summary of major achievements and progress**

- Von Humboldt Green Belt activities focused on the maintenance of tree nurseries utilized for saplings production of fast-growing *bolaina* and *capirona* species. Temporary workers also continued field activities to maintain previously installed tree plantations in the communities of San Alejandro, Nuevo Ucayali, Shambillo and Barrio Unido. A total of 440 temporary labor days were generated in activities related to the Green Belt.
- A semi-permanent tree nursery has been designed with a capacity for 20,000 plants to be located in Pampa Yurac and Nuevo Ucayali with the possibility to later be administered by the Provincial Municipality of Padre Abad. The proposed species to cultivate are *shaina* and *tornillo* as part of the program to restore degraded areas in the Green Belt.
- Following the establishment of Forest Management Committees in the Aguaytía and San Alejandro watersheds, periodic meetings have taken place to develop the work plans of each committee. In Aguaytía, the work plan includes actions to build capacity among members in combating illegal logging and in resource management. In addition, the plans contain measures to implement controls against illegal logging and a minimum infrastructure to house the committee.

**iii. Table of progress in meeting key activity benchmarks**

Benchmark Number	Benchmark/Output	Status
2.1	<b>Land Tenure Conflict Resolution and Boundary Demarcation Carried Out in the Forest Concessions</b>	
2.1.1	Participatory demarcation of the “Green Belt”, verification in the field, and INRENA approval secured	On-track
2.1.2	Data collected regarding land tenure claims and legal rights, including field verification, and legal processes completed to resolve conflicts	On-track
2.2	<b>Institution of Forest Management Committees and Participatory Forest Management</b>	
2.2.1	Establishment of Forest Management Committee for the Aguaytía River Basin, consisting of forest concessionaires and relevant local players	Completed
2.2.2	Implementation of a capacity building program directed towards grassroots community groups	On-track
2.3	<b>Implementation of Reforestation Program</b>	

2.3.1	Design and implementation of reforestation and management program in the buffer zone, in collaboration with forest management committees and other local players	On-track
2.3.2	Implementation of capacity building workshops necessary for reforestation program implementation	On-track

#### **iv. Key management issues**

Of the total proposed extension of the Green Belt, until recently, 15 kilometers had remained untouched by intervention efforts, due to the unresolved social obstacles with the communities. WWF-Peru successfully installed the Green Belt in all communities that have signed agreements to eradicate coca. The forced exclusion of communities that do not participate in the coca eradication program has resulted in a Green Belt with gaps, and in some cases, increased social tension towards WWF-Peru personnel and project beneficiaries. Nonetheless, advances have been made during the last report period, with an additional 2.5 kilometers of Green Belt with its limits now defined. This is a consequence of several factors. Firstly, several communities have acquired negative experiences participating in projects of other ADP operators. Their level of trust has been reduced to a minimum. Through a program of awareness raising, WWF-Peru has been effective in establishing trust and interest in the Green Belt activities. Another factor is the competition for temporary labor, and consequently the lack of available time of many community members who have been occupied in other ADP-related projects. As their availability increases, they are expressing interest in the Green Belt activities.

#### **i. Activity Title : Community-based Secondary Forest Management, Agroforestry Systems and Local Forests**

#### **ii. Summary of major achievements and progress**

- Local forest establishment is at different stages. In the case of forests in the communities of Tangarana and Hidayacu, WWF-Peru assisted in the presentation of the General Forest Management Plans and Annual Operating Plans to INRENA. From the community of Maronal, INRENA received the official request to establish a local forest. WWF-Peru specialists have facilitated the identification of local forests in Alto Shambillo, Buenos Aires, Nueva Union and Mar de Plata. Each of these areas is approximately 500 hectares. Local forests provide opportunities for communities to access forest resources and thus explore an alternative source of income. Local forest harvesting and commercialization is applicable to areas not exceeding 500 hectares.
- WWF-Peru, in collaboration with the Peruvian Society for Eco-Development (SPDE), continues to promote agroforestry systems in local communities who have signed agreements to eradicate coca. During the report period, 22 agroforestry plots were installed on approximately 25 hectares in the communities of Centro Yurac, Shambillo, Alto Shambillo, Micaela Bastidas, Tangarana and Barrio Unido. Evaluations of previously established plots were carried out to determine the required maintenance activities. During this period, a total of 380 temporary labor days were generated in agroforestry activities.
- Advances were recorded in the establishment of reforestation concessions. Like the promotion of local forests, the activities with reforestation concessions are progressing at varying rates. In 02 communities where requests to establish concessions were previously submitted to INRENA, WWF-Peru continues to facilitate a program to raise awareness among community members of the value and

benefits of the managed areas. In 03 other communities, reforestation concessions have recently been identified and the potential boundaries mapped. These activities generated 87 temporary labor days during the report period.

- In an effort to facilitate forest management of private properties, detailed forest inventories of 05 agricultural plots were implemented and documentation prepared to obtain permits for forest harvesting. The results are being compiled and will be reviewed in the next quarterly report.

### iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status*
3.1	<b>Development of detailed vegetation cover, forest potential, and land use change characterizations and analyses for the project area most impacted by coca cultivation</b>	On-track
3.2	<b>Secondary forest and agroforestry systems management</b>	
3.2.1	Design of long-term forest development plan for the San Alejandro and Aguaytía area, which considers land use planning, necessary services for the area, and potential local markets	Pending
3.2.2	Implementation of forest inventories, forest harvest using improved infrastructure, and reforestation plan	On-track
3.3	<b>Local Forest Management</b>	
3.3.1	Local forest target sites identified, selected, and verified in the field	Complete
3.3.2	Development and implementation of training and awareness raising strategies targeting local communities and governments	On-track
3.3.3	Forest Management Plans developed, approved by INRENA, and implemented in local forests	On-track

### iv. Key management issues

Among the challenges of implementing effectively this component of the project, the communities are not experienced in managing their forest resources in a formalized manner. Through this component, WWF-PERU and its partners in the field aim to raise awareness among the local communities of how to benefit from the natural resources through sustainable use. It also provides communities with a significant alternative source of income, offering them incentives to conserve forests.

#### i. Activity Title: Von Humboldt-Aguaytía Small Loan Financial Service

#### ii. Summary of major achievements and progress

- To assist resource-poor farmers and micro-enterprises in accessing short term capital, WWF-Peru is working in close collaboration with the Caja Rural de San Martín (CRSM) in the implementation of a financial services mechanism. During the report period, a loan of \$75,000 was disbursed to Von

Humboldt Forest for the purchase of forest extraction equipment, including a front loader and tractor. WWF-Peru monitored the progress of previous loan disbursements to EFASAC and World Green Peru. The \$75,000 loan request submitted by Fine Forest for equipment and working capital is currently being evaluated by the CRSM.

•  
iii. **Table of progress in meeting key activity benchmarks**

<b>Benchmark Number</b>	<b>Benchmark/Output</b>	<b>Status*</b>
4.1	<b>Design and Implementation of Small Loan Financial Service Mechanism</b>	
4.1.1	Design of participatory small loan financial service mechanism, including financial sustainability plan	Complete
4.1.2	Promotion and establishment of small loan financial service	Complete
4.2	<b>Monitoring and Supervision of Small Loan Financial Service</b>	
4.2.1	Design and implementation of monitoring and supervision system	On-track
4.2.2	Design and implementation of training plan in support of credit system	On-track

iv. **Key management issues**

To date, 03 of the 04 remaining forest concessionaires in Aguaytía have received loans from the Caja Rural de San Martín. The fourth concessionaire is awaiting loan approval. Prior to receiving approval from the CRSM, all potential and existing conflicts must be resolved. In the case of the remaining concessionaire, disputes continue with local communities who reside along the access road to the concession. They oppose and have until now blocked the use of the road by the concessionaire, concerned that timber extraction would greatly reduce the quality of the road. While WWF-Peru has promoted dialogue between both parties, the concessionaire has opted to pursue road construction from another direction, to avoid completely conflicts with the communities.